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Dear Walter,

Over the weekend I had an opportunity to reflect upon some of the phases of my indoctrination and upon my return to the office this morning will jot down a few thoughts that occur to me that you might care to read while you are away on your vacation.

As I visualize the overall picture, top management here includes three groups of executives:

1. NSC
2. DCI, ~~with deputies heading~~ with deputies.
3. Assistant Directors and Administrative Office Chiefs.

The primary responsibilities of top management in any organization are to provide far-sighted planning and clarification of objectives visualizing the needs of the business and determining its most advantageous future course.

A sound plan of organization, enabling all of its parts individually and collectively, to function most effectively in reaching common objectives are:

- a. Fully qualified personnel in all key positions, insuring each individual's proper contribution to the whole program.
- b. Effective means of control, permitting top executives to delegate wide responsibility and authority, thereby freeing themselves of administrative detail in order to concentrate on broad planning and direction.

The government and the public are more concerned about where CIA is going than where it has been. In any organization the responsibility of visualizing, initiating, and achieving future objectives rests with top

management. One of the greatest needs I observed during my short indoctrination course was the universal need for more planning and clarification of future objectives, both near-term and long-range.

1. Near-term objectives: Pre-plan in detail of all of our operations for a period of at least one fiscal year in advance are necessary wherever possible.

2. Long-range objectives: These are necessarily tentative subject to modification as time and circumstances require, but they are invaluable as guideposts to assure proper orientation of the definite near-term planning.

The lack of adequate planning sometimes results from the fact that top executives are too pre-occupied with current matters to concentrate upon future needs. They often fail to stimulate and utilize the best thoughts arising from their departments which are so necessary in formulating sound plans, policies, and objectives.

Before top management can find enough time for the planning of objectives and be assured that those objectives will be met, it must:

- a. Devise a sound plan of organization.
- b. Have fully qualified personnel in all key positions
- c. Institute effective methods of control.

Under the first requisite above, a well conceived long-range organization program permits changes to be made in the right direction as opportunities arise. In the absence of such a plan, changes must be made on the basis of expediency.

Every phase of CIA's organization plan should be tested from a wholly objective viewpoint without being influenced by past or present personnel, precedent, or tradition. From such an analysis a plan of organization can be

Organization
Organization planning in many groups ends with the simple preparation of a set of organization charts, which you already have worked out in great detail. These give a good general idea of the primary divisions of the Agency, but do not stipulate how each unit of the organization should function. They should be supplemented by written specifications defining the essential requirements of each level of management. Only by a thorough understanding of their respective parts in the whole management picture are individual executives and departments able to devote their full energies to the effective discharge of their function.

Personnel
The acquisition of key personnel is too often left to providence. Executives and supervisors are expected to weed out their subordinates and keep only those suitable to fill the requirements of their respective positions.

A well designed plan of control covering each major administrative activity permits top management to delegate responsibility and authority, freeing itself of unnecessary detail, yet retaining the means for assuring that results will be satisfactory.

Each plan of control embraces the following elements:

- a. An objective establishing what it is desired to accomplish.
- b. Procedures specifying how, when, and by whom the plan is to be executed.
- c. Criteria as to what constitutes good performance.
- d. Appraisal as to how well it is done.

It is the function of a capable staff to formulate a plan of control over each activity and administer its use, and to make sure that the desired objectives are realized.

Policies must be clearly stated in writing, properly distributed to those affected, and periodically checked as to compliance. This is best accomplished by means of a policy manual. Best practice for developing should be

done by/^acompetent staff specializing in organization problems, working through the medium of a well designated organization manual. Formulation and active functional direction of such a program are logical functions of the Personnel Director.

A method for controlling demands placed upon service departments by other units of the organization is most essential in an organization the size of CIA.

In the ordinary business organization, control over research expenditures is a very perplexing problem. Most businessmen attempt a positive control through a well prepared annual budget and analysis of each project. Such analyses take into account the objectives to be accomplished in terms of savings, sales, or profit potentialities, probable effect upon demand for other products, etc. In CIA research leads up to the "end product" which is the national estimate, and therefore ~~the~~ the better the research the better the "end product", and in my opinion the better results will be obtained through the use of better research.

However, regardless of formal systems of control, there is no substitute for first-hand observation of conditions and for personal contact with people on the job. Relieved of unnecessary administrative detail through the measures applied to using common "horse-sense" in running a successful business, top executives should have more time for these personnel contacts which afford opportunity to refresh their knowledge and viewpoint, to observe the needs and adequacy of management, and to stimulate the morale and effectiveness of the organization.

You seemed interested in my daily observations while being indoctrinated and I, therefore, am taking the liberty of jotting down some general observations obtained during the past short indoctrination period with the hope

that we will be able to build a firm and lasting agency for the benefit of us all.